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on Monday, 27 June 1994, at 10 a.m.

President: Mr. BUTLER (Australia)

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The meeting was called to order at 10.20 a.m

OPENING STATEMENT BY THE PRESIDENT

The PRESIDENT said that, in implementing major reforms of the Economic and Social Council, two basic truths must be borne in mind: that Member States had pledged themselves to cooperation under the Charter of the United Nations and that the United Nations system must not be self-contained but had an international obligation to serve concrete, clearly stated purposes. Those purposes were embodied in the Charter, which affirmed Member States' determination to promote social progress and better standards of life in larger freedom and to employ international machinery for the promotion of the economic and social advancement of all peoples. They were set forth in the Universal Declaration of Human Rights, which affirmed that everyone had the right to a standard of living adequate for the health and well-being of himself and of his family. Under Articles 55 and 56 of the Charter, Member States pledged international, economic and social cooperation in order to achieve, inter alia, higher standards of living, full employment and conditions of economic and social progress and development. Rather than dwelling on what had happened in the past, it would be wise to look to the future, taking into account the magnitude of the tasks to be accomplished and the change in circumstances which provided the Organization an unprecedented opportunity to shape a better world.

The abiding characteristic of the new world was interdependence. The major threats to the security of life and the standard of living had certain common characteristics: they were large and global in scope and effect; they could not be dealt with by military means; and they could not be resolved by States acting alone. In such circumstances, the United Nations - whose universality and Charter made it unique - had the only real capacity to forge political consensus on overall policy. The Organization, however, had two inherent limitations. First, the resources available to it represented but a tiny fraction of the total resources available for improving standards of

(The President)

living. Second, in the past it had tended to formulate decisions which it could not enforce, thus risking harm to the Organization's reputation.

Such problems could be resolved by a practical approach which capitalized on the Organization's ability to forge political consensus. A sound analysis of contemporary problems combined with inventive, sensitive solutions would encourage the contribution of additional resources. A common purpose must be identified between those who served Governments and the United Nations and those responsible for the allocation of resources. An inclusive approach to governance was also vital. The United Nations must truly be a centre for harmonizing the actions of nations, as stated in Article 1 (4) of its Charter. He stressed that the Article referred not to thoughts or feelings but rather to actions.

ADOPTION OF THE AGENDA AND OTHER ORGANIZATIONAL MATTERS (E/1994/100)

The PRESIDENT noted that the current session marked the culmination of an extensive process of reform whose final phase was to be implemented in accordance with General Assembly resolution 48/162. He had held a number of informal consultations in order to reach agreement on recommendations to be made on all procedural and organizational matters included under the agenda item (the new segments of the Council under operational activities and the general segment as well). He would provide further details of the results of the consultations when the Organization of work for the substantive session was considered.

The agenda was adopted.

POLICY DIALOGUE AND DISCUSSION ON IMPORTANT DEVELOPMENTS IN THE WORLD ECONOMY AND INTERNATIONAL ECONOMIC COOPERATION WITH HEADS OF MULTILATERAL FINANCIAL AND TRADE INSTITUTIONS OF THE UNITED NATIONS SYSTEM

The PRESIDENT said that he had drawn the panellists' attention to the fact that the main topic of the high-level segment was "An agenda for development" (A/48/935) and had requested them to focus on, inter alia, the role of their institutions in that regard, action towards strengthening international economic cooperation for development through partnership and the implications of the completion of the Uruguay Round of multilateral trade negotiations for the world economy.

Mr. PRESTON (President of the World Bank) noted that despite the progress achieved by the United Nations system in the past 50 years - a 50 per cent increase in life expectancy, a 50 per cent decrease in infant mortality and the doubling of per capita incomes - over 1 billion people still

(Mr. Preston, World Bank)

lived in absolute poverty. The World Bank projected that the annual growth rate of the developing countries would reach 5 per cent in the coming decade; none the less, great disparities would persist. In sub-Saharan Africa, real per capita income might even drop below its 1980 level. While the developing countries would benefit from a more favourable external environment in terms of lower interest rates and expanding world trade, they would also face greater competition. In such circumstances, they must have the capacity to respond quickly to change.

The backdrop for the task of development had changed in many ways. First, the developing world had become increasingly diverse. For example, the needs of the very poor nations of sub-Saharan Africa and South Asia were different from those of the successful middle-income countries of East Asia and Latin America or the transition economies of Eastern Europe and the former Soviet Union. Such increased diversity called for a greater degree of client orientation; accordingly, the World Bank had begun to use country-specific strategies. The increasing integration of the global economy was another sign that the developing countries had become stronger; they were expected to account for about one third of the growth in the world gross domestic product over the next five years. The completion of the Uruguay Round would further enhance their opportunities. In that context, development institutions were helping countries to become more flexible and productive in order to be able to compete in world markets.

The surge in private capital flows - mainly to about 20 middle-income countries which had established sound policy and investment climates - was a third major structural change. Net private flows to developing countries had reached a 10-year high in 1993, totalling $113 billion (about twice official aid flows). Development institutions were seeking to consolidate the flow of private capital to those countries and, at the same time, create an environment that would attract private capital to other, mostly low-income countries. A fourth major trend was the reduction of aid budgets in many donor countries as a result of fiscal constraints and uncertainties about the effectiveness of aid. It was vital for both donor and recipient Governments to make better use of scarce resources and to promote development more strongly to their legislative bodies and the public.

(Mr. Preston, World Bank)

It would also be important to heed a number of key lessons learned from past experience, namely, that growth and investment in people were essential for effective poverty reduction; that policy mattered more than projects and that financing and technical assistance were not in themselves sufficient to sustain development; and that, in each country, government commitment and broad-based ownership and support for government programmes were crucial. Lessons had also been learned about the importance of the private sector in increasing income and jobs; about sustainability and the complementarity of environmental protection and economic development; and about the importance of sound governance and institutional structures.

The World Bank had responded to the new challenges by according greater priority to various aspects of poverty reduction. Its investments in people had increased from an average of 5 per cent of its lending in the early 1980s to 17 per cent in fiscal year 1994; its lending for environmental sustainability had reached $2 billion in 1993; and private sector development had become a major theme of its work. In placing renewed emphasis on the quality of its products, the Bank had just completed a review of the follow-up to its 1992 report on Portfolio Management. It was taking steps to improve its cost-effectiveness and its capacity to meet differing needs by reducing bureaucratic procedure and acquiring new technical skills. The Bank had also become a more open institution through greater disclosure of information and the introduction of an independent Inspection Panel. In the belief that partnership was central to change, the Bank was strengthening its cooperation with the United Nations and with a number of specialized agencies, including the United Nations Development Programme and the United Nations Children's Fund. It was also planning a series of presentations at the Bank by the heads of United Nations agencies and programmes.

Mr. CAMDESSUS (Managing Director of the International Monetary Fund) noted the economic challenges that must still be addressed before "high-quality growth" and sustainable development could be achieved. They included extreme poverty in the developing world, particularly in Africa; the low standard of living in many parts of the world; the fragility of growth prospects; intolerable levels of unemployment in many industrialized countries; and the need for stabilization and structural changes in transition economies.

(Mr. Camdessus, IMF)

The activities of the International Monetary Fund in recent months had been characterized by renewal. After the slowdown of the past three years, world growth was expected to reach 3 per cent in 1994 and nearly 4 per cent in 1995, while inflation remained under control. It was significant that the recovery was not a mere cyclical upswing but rather the product of a deliberate and effectively coordinated effort on the part of the international community. The implementation of the measures proposed in a document on cooperation for sustained global expansion and growth issued by the Fund's Interim Committee had helped to increase growth. At its April meeting, the Interim Committee had welcomed that positive result. At the same time, it had noted that, beyond economic recovery, labour market reforms were needed in order to deal with high unemployment in many industrialized countries, particularly in Europe. The Interim Committee had adopted wide-ranging guidelines concerning the developing countries and economies in transition. Increasingly, its deliberations reflected an awareness that finance ministers and central bank governors must take globalization into account in order to deal with the phenomenon of the global unification of financial markets. That was a highly significant development, as the Interim Committee was the only forum that regularly brought together the world's highest financial authorities and in which representatives of developing countries and countries in transition actively participated. It provided a much broader opportunity for global economic policy cooperation than any grouping of industrialized countries.

Another aspect of the improved economic climate was the fact that the slowdown in industrial economies had not become a global recession largely because of the sustained growth in some 40 developing countries which had either persevered with structural adjustment or received regular technical assistance from IMF. Thus, in 1993, growth in the developing countries had exceeded 6 per cent and accounted for virtually the entire world growth rate of 2 1/4 per cent. Similarly, increased imports by developing countries had accounted for almost all the growth in world trade. Structural adjustment had ensured that their growth would be independent of the capricious economic swings of industrial economies. Of great significance was the fact that developing countries had represented about half the contributors to the recent replenishment of the resources of the IMF enhanced structural adjustment facility (ESAF). A number of those countries - for example, Argentina, Chile,

(Mr. Camdessus, IMF)

Mexico, Egypt, India, Pakistan and Bangladesh - had themselves been recipients of IMF aid or had struggled during the debt crisis. He believed that that redistribution of roles would become even more pronounced in the future. IMF was also deeply committed to assisting the economies in transition.

In late April, the Interim Committee had provided very clear guidelines on action to be taken in order to address the problems of the poorest countries, the countries in transition and the timid recovery in the industrial countries. The Executive Board war considering action to be taken on three fronts: the extension of access limits, an adaptation of the Fund's systemic transformation facility (STF) and an allocation of special drawing rights (SDRs). He had proposed a moderate allocation, amounting to SDR 36 billion (roughly, US$ 50 billion), which was equivalent to less than 10 per cent of the projected growth in demand for global reserves in the coming five years. His proposal enjoyed the strong support of a large majority of member countries. Moreover, there was no better investment for recovering the growth of the industrialized countries than vigorous international support for the development of the poorest countries and the countries in transition.

The vision of the founders of the United Nations system would continue to guide the international community for many years. There would be a need to carry out activities in an ever more globalized world economy, which would require a powerful centre for economic and monetary policy coordination, together with effective instruments to ensure cooperation in time of crisis. There must also be a commitment to balance-of-payments support, in which connection the Fund had a responsibility to make sure that the special drawing right served as the world's principal reserve asset.

On the subject of institutional cooperation within the United Nations system, it was important to recognize the growing interdependence of activities and the need to allocate tasks according to comparative advantage and the principle of subsidiarity. That should forestall the temptation to tackle at a world level those matters which could be dealt with at a regional or national level, and would also strengthen institutional mandates. A further issue was where to begin the immense task of the renewal of institutional cooperation, perhaps by defining a new architecture, or, preferably, by focusing on a common response to the most urgent problems. Only if there were a credible

(Mr. Camdessus, IMF)

demonstration of the effectiveness of cooperation could more ambitious architectures be proposed.

In seeking to improve the lot of the poorest the first priority was mutual support in the implementation of activities, which should be mutually enriching. The Fund had made an effort to increase its cooperation with the World Bank, as well as with the United Nations Development Programme and the International Labour Organization, in preparing social safety nets in various countries. Clearly much remained to be done to improve the functioning of the labour market and to promote dialogue between Governments, employers and employees.

The second priority was coordination in situations involving major humanitarian catastrophes, in which connection the United Nations had a leadership role in providing humanitarian relief and other economic assistance in post-conflict situations. There was a need for broad consultation, with inputs from all relevant agencies. In terms of immediate priorities, it was important to coordinate preparations for the upcoming population and social summits.

In a broader context, it would be scandalous if reduced military expenditure did not lead to an increase in official development assistance, since it must be understood that humanitarian and social expenditures were essential in promoting development and peace. The Development Assistance Committee had made valuable recommendations in that regard. Lastly, financial constraints could not be allowed to intimidate. Support must be provided for countries seeking to take their destinies into their own hands.

Mr. FORTIN (Officer-in-Charge of the United Nations Conference on Trade and Development) said that following a poor performance in 1993 the pace of economic development in the industrial world was expected to pick up. The recovery was strongest in the United States, and there were promising signs from some European countries and from Japan, but the overall rate of growth of the industrialized economies for 1994 was still expected to be only a modest 2.5 per cent. The serious problem of unemployment persisted, and it was not expected that growth would create enough jobs, with the possible exception of the United States where, in any event, there were likely to be difficulties relating to disparities between skilled and unskilled workers.

Indeed there were potential dangers that might completely halt recovery, among the most important being insufficient aggregate demand in the

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industrialized economies. It was important for decision makers to be aware of the importance of heading off inflationary pressures. A second impediment to sustained recovery was the volatility of international capital markets. Continued pressure on the dollar would mute the transmission of growth impulses from the United States to other economies by reducing the import demand of that country, and could cause higher United States domestic interest rates. A word of caution concerning the prospects for recovery was thus in order.

In that connection the United Nations Conference on Trade and Development (UNCTAD) was looking into various policy options, including a proposal to establish an internationally uniform tax on foreign exchange transactions, which would reduce the post-tax profitability of currency speculation and, if the proceeds were paid into a development fund, would greatly assist development.

While it was true that most world growth in 1993 and 1994 had been generated by developing countries, it should be borne in mind that such growth had largely been attributable to some economies in East Asia and Latin America. In contrast, Africa and the least developed countries were, in per capita terms, regressing. Notwithstanding the many structural adjustment programmes in Africa, in the best circumstances only slow growth, reminiscent of the 1960s, was anticipated. That translated into the marginalization of important parts of the third world. For Latin America the most pressing question was whether capital inflows, which to some extent were explained by short-term interest differentials, could be maintained. Equally, the prospects for the transition economies were not promising.

While the problem of debt was over as far as banks were concerned, it was not from the viewpoint of developing countries. Although some debt reduction measures had been implemented, the Trinidad terms, resulting in a two-thirds reduction, should be adopted as a benchmark, with extensions as required. Without jeopardizing the preferred creditor status of multilateral financial institutions, the question of multilateral debt should also be looked at so as to afford relief to certain developing countries.

The Uruguay Round represented a milestone in international economic and trade relations since it would strengthen disciplines at the world level and cover such new areas as services and intellectual property. The institutional framework of the World Trade Organization, with an integrated dispute settlement mechanism, were important elements in that regard. The developing countries,

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which had played a significant role in negotiating the Round and by making concessions, would benefit from a more rules-based trading system. Nevertheless some developing countries with preferential access to markets might face a substantial contraction in their policy options in adopting export-oriented adjustment policies. In general such countries would face more onerous international trading obligations.

The international community should establish a phased-in approach, as part of which it should be agreed that no country should be worse off as a result of the Uruguay Round. Further, significant efforts and technical assistance should be deployed to enable developing countries to take advantage of the changes and opportunities introduced by the Round and play a significant role in the continuing negotiations in such areas as financial services.

The agenda for development offered a broad framework for development cooperation. An essential element was that of interlinkages between the five dimensions posited in the agenda for development, as well as among sectors of the global economy. The United Nations, as the one organ of the system which could look at those linkages in an integrated manner, had an important role to play, while within the United Nations system UNCTAD had been identified as a focal point for the comprehensive treatment of development and related issues.

In that connection UNCTAD did not subscribe to the view that the United Nations should focus on humanitarian, relief, peace-keeping and social development initiatives, leaving development policy and development cooperation to other organizations. While some division of labour was possible, there was a certain value in a degree of pluralism in the formulation of policy in such contentious areas as structural adjustment. The United Nations, and UNCTAD in particular, also had an important role in consensus-building in respect of policy options. In further defining the functions of the World Trade Organization, both the United Nations and UNCTAD, with a wide range of intergovernmental machinery and secretariat mandates, would play important roles. In the context of the agenda for development UNCTAD would seek to strengthen its cooperation with the Bretton Woods institutions in pursuit of the best means of promoting development.

Mr. SEADE (Deputy Director-General of the General Agreement on Tariffs and Trade) said that the contribution of the multilateral trading system to development could not be considered in isolation from the importance attributed

Mr. Seade, GATT)

by developing countries themselves to international trade in their development objectives. Countries that promoted import substitution or central planning were not likely to be interested in the development of a liberal, rules-based trading system. It was, however, the case that many developing economies and most of the former centrally planned economies had embraced market-based strategies to promote their integration into world markets. For such countries the General Agreement on Tariffs and Trade had moved to centre stage, as evidenced by their unprecedented participation in the Uruguay Round. One significant aspect of the Round had been autonomous trade liberalization by the developing countries, which deserved credit for its successful conclusion and the scope of the agreement reached.

The three-year delay in concluding the Uruguay Round did not mean that a minimum package had been adopted. In fact the contrary was the case: a reduction of some 40 per cent in developed country tariffs on agricultural and industrial products had been negotiated, exceeding the original goal of one third. Further, market access had been secured by commitments not to increase tariffs, commitments which would cover most industrial and all agricultural products.

Of particular significance was the fact that trade in agricultural products and textiles would soon be brought under the aegis of the World Trade Organization and thus under the multilateral trading system, representing a marked shift away from past distortions and unfairness.

The across-the-board revision of GATT rules had particular significance for developing country exports in terms of competitiveness and finding new markets, as well as in the areas of services and intellectual property. Two related decisions had been taken: first, to institute a forum and mechanism for the implementation of the GATT rules, embodied in the future World Trade Organization, and second, to create a mechanism for their observance and for the settlement of disputes. The dispute settlement mechanisms of WTO would be automatic, and a consensus would be needed not to establish a panel to resolve a dispute.

It would be difficult to overestimate the importance of the success of the Uruguay Round. It would produce an increase in world income estimated at over $250 billion, and the impact of the improvement in developing countries' market access on world trade would probably amount to more than $700 billion by the

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year 2005. The developing countries would be the major beneficiaries, since it would promote their exports, and its effect on trade opportunities and patterns was likely to enhance diversification.

The concern had been raised that the least developed countries would lose ground and that the gains from GATT would not be distributed evenly. Those gains, however, were usually obtained in relation to the quality of the reaction of individual countries to new situations. There would be challenges during the coming transition period, but the mistaken view that some countries would lose ground was based on a partial and selective analysis of the results. The probable increase in the import bill for net food importers had been taken into account in the Final Act of the Uruguay Round, and the global increase in agricultural prices would assist producers.

The margin of preferences under the generalized system of preferences would be reduced; pending further analysis, however, the impact on tariff escalation was encouraging. There was a movement away from dependence on primary commodities and towards value added and processed products.

International trade could only gain from the predictability provided by established rules. The success of the Uruguay Round was an affirmation that if policies were fair and right, no country was helpless. While not a panacea, it removed obstacles and created opportunities for fair participation in the international economy. Member States must ensure that the Marrakech Agreements entered into force as scheduled on 1 January 1995. Any delay would encourage protectionist groups determined to undermine the outcome of the Uruguay Round. The problems it addressed had become acute 10 years earlier, but before facing the new problems which had arisen in the meantime, those earlier problems must be resolved and the momentum of the Uruguay Round preserved. Representatives had a responsibility to avoid actions that would jeopardize ratification.

The agenda for the future of GATT would include work to improve market access for developing countries in service sectors such as finance and telecommunications; advancement of the relationship between trade and environment and the establishment of a committee on that topic; and designing a work programme for the World Trade Organization, which was likely to include some contentious issues. The main priority for the future would be to maintain an open, liberal and effective trading system. At the Marrakech meeting, the

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finance ministers had singled out the interaction of trade, finance and monetary policy for further study, as well.

Exchange of views

Mr. MORRERO (United States of America) said that his Government noted with appreciation the progress made by the World Bank in defining new policies to ensure that development assistance became environmentally sustainable. The World Bank had developed considerable expertise in how best to incorporate environmental considerations in development planning. He would be interested to learn more about World Bank priorities for the implementation of the Global Environment Facility (GEF) and the interaction foreseen between the World Bank and the Commission on Sustainable Development.

Mr. PRESTON (President of the World Bank) said that organizational issues were currently preoccupying GEF staff. Close cooperation had been established between UNEP and UNDP, but the test of that cooperation would come through the implementation of projects themselves. Earlier experience indicated that the three organizations had worked well together, however. Cooperation with the Economic and Social Council was also part of the reporting process.

Mr. DERYCKE (Belgium) said that the United Nations system and the Bretton Woods institutions appeared to address different aspects of international trade and economic policy; the United Nations seemed to take more interest in a vision for policy, while the World Bank and IMF tended to concern themselves with practical aspects. The interaction of those two systems could be greatly improved, there being an almost total absence of coordination in the field.

He suggested that the liaison offices should be strengthened and given a substantive function, that the General Assembly's economic priorities should be established each year through consultation and that the finance ministers of Member States should be provided with more information on General Assembly and Economic and Social Council decisions in the areas of international trade and finance.

Mr. PRESTON (President of the World Bank) said that the impression of a lack of cooperation between IMF and the World Bank was incorrect. Those bodies had conducted joint visits in order to produce policy framework papers and had structured many of their programmes together, in addition to working closely at all levels. They also cooperated with UNDP resident representatives

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and donor countries. The difficulty with liaison lay in the fact that each organization had a country-specific strategy that must be coordinated on the ground. In most cases, such coordination was actually very good.

Mr. CAMDESSUS (Managing Director of the International Monetary Fund) said that IMF worked with the World Bank in some 70 countries and had conducted joint activities with UNDP in 30 countries. His organization was committed to "post-chaos" operations and was continuing its development assistance efforts in many areas where the United Nations was conducting peace-keeping operations. Efforts to provide more information to finance ministers on the work of the General Assembly and the Council could most effectively be conducted at the country level.

Mr. HENZE (Germany) said that all the speakers had emphasized the growing diversity among developing countries and the discrepancy in their development prospects. He asked whether the speakers believed that more account should be taken of that fact in the drafting of policy guidelines, and how the problem of multilateral debt might be addressed.

Mr. FORTIN (Officer-in-Charge of the United Nations Conference on Trade and Development) agreed that there was increased differentiation among developing countries in terms of their development opportunities and access to world markets, which called for a highly differentiated approach to development policies. Many structural adjustment programmes had been across-the-board, and had not been effective in all countries. A more disaggregated approach was needed in order to translate structural adjustment into concrete measures and a timetable for the resumption of growth.

Mr. CAMDESSUS (Managing Director of the International Monetary Fund) said, regarding multilateral debt, that five years earlier, that problem would not have been mentioned, but some progress had been made in that area. He agreed that the Trinidad terms should be applied to the fullest extent, but many of the aspects of the problem had been settled. Multilateral debt had originated exclusively because the Fund had taken the risk of lending to developing countries over the past 7 to 10 years, when no one else would do so.

In his view, rescheduling of the debt would not be appropriate because the Fund was a cooperative institution and its resources were revolving and monetary. It was financed by central banks which needed the assurance of the liquidity of their contributions. In the handful of cases of real hardship,

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specific concessional financing should be offered so that a country could continue to develop despite its debt stock.

Mr. PRESTON (President of the World Bank) endorsed the statement by Mr. Fortin, adding that it was essential that multilateral financial institutions should maintain a positive net flow to the most heavily indebted countries. Those countries should gain access to more generous international development assistance repayment terms as quickly as possible. With regard to the preferred creditor status, it should be recognized that the World Bank was a cooperative institution and that all its members would suffer if international capital markets viewed the change of preferred creditor status in a negative way.

Mr. MATHISEN (Norway) said that the developing countries would require assistance in establishing national policies for intellectual property protection, in fulfilling commitments undertaken in the Uruguay Round and in promoting innovation in the area of trade and the environment at the national and international levels. He inquired how Mr. Fortin envisaged the division of labour and coordination between the World Trade Organization (WTO) and UNCTAD in the post-Uruguay Round trading environment and whether UNCTAD would remain a main provider of analytical work on trade opportunities.

Mr. SEADE (Deputy Director-General of the General Agreement on Tariffs and Trade) said that in addition to new areas, such as that of intellectual property legislation, which represented a major challenge to developing countries, there was an increased need for technical assistance which stemmed from greater participation by countries which were just beginning to understand the obligations and opportunities that resulted from increased interaction in international trade. Approximately 18 countries had acceded to GATT in the previous three years and 20 more countries were currently in the process of acceding. Those new accessions created an even greater need for assistance. With regard to the relationship between GATT and UNCTAD, he believed there was no simple dividing line and that some overlap was necessary in areas where additional resources were required. While UNCTAD should continue to perform more of the analytical work, GATT needed to strengthen its analytical capabilities. Greater coordination in the form of joint missions and exchanges of information between the two organizations should be established.

Mr. FORTIN (Officer in Charge of the United Nations Conference on Trade and Development) said that UNCTAD intended to play a major role in assisting the developing countries to take maximum advantage of the opportunities offered by the conclusion of the Uruguay Round. Through a special project on multilateral trade negotiations, UNCTAD had provided advisory assistance to the developing countries in their negotiations in the Uruguay Round and was currently adding a second phase to that project in response to requests from many of those countries. Moreover, UNCTAD had an ongoing mandate in the area of trade and the environment and was focusing attention on issues such as the internalization of environmental costs in the prices of commodities. In addition, it was involved in a joint programme with the United Nations Environment Programme (UNEP).

With respect to the division of labour, before engaging in negotiations with the World Trade Organization and entering into actual commitments, issues and policy options had to be identified and consensus on the framework and principles to guide those negotiations had to be achieved. In that regard, the role of UNCTAD was to prepare the ground for negotiations, rather than directly negotiate. While the World Trade Organization was devoted to establishing an open multilateral trading system, UNCTAD was responsible for providing a more specific developmental dimension to that system and for ascertaining the specific needs of the developing countries for assistance. Development would follow as countries became able to take advantage of the opportunities offered by an open and expanding multilateral trade system.

Mr. PANGALOS (Greece) said that the agenda for development had introduced a new integrated concept for development, which involved peace, economic growth, protection of the environment, social justice and democratic institutions. For that approach to be successful, it should draw on the comparative strength of the United Nations system. He wondered what measures could be adopted to ensure closer cooperation within the United Nations, and whether it might not be advisable for the international financial institutions to report to the Economic and Social Council on their activities related to the implementation of Agenda 21, adopted at the United Nations Conference on Environment and Development (UNCED).

Mr. FORTIN (Officer-in-Charge of the United Nations Conference on Trade and Development) agreed that the agenda for development attempted to place the question of development in a very broad context and that it covered the full

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range of concerns of the United Nations and of the Bretton Woods institutions. Coordination and internal linkages had to be strengthened within the United Nations as a prerequisite to maximizing linkages with the Bretton Woods institutions. In that regard, the work of the Administrative Committee on Coordination (ACC) would be a useful vehicle for their work.

Mr. PRESTON (President of the World Bank) said that the World Bank, in particular its sustainable development and environmental departments, cooperated on a regular basis with various United Nations bodies.

Mr. DESAI (Under-Secretary-General for Policy Coordination and Sustainable Development) said the international financial institutions were fully engaged in an effort to coordinate the work of United Nations agencies in the follow-up to UNCED as effectively as they had in the preparations for that conference. The key to coordinating the various dimensions of development was to do so at the country level. Thus, an attempt to strengthen such coordination was under way not just in situations of crisis and conflict management, but in other areas as well. A certain amount of the responsibility for ensuring coordinated functioning lay with the Member States who were represented on the governing bodies of those institutions. The coordination of the United Nations system should be reflected in a shared definition of the roles of the different elements of that system.

Mr. HANSENNE (Director-General of the International Labour Organization) said that a large majority of countries in the world were experiencing an employment crisis, with regard to the quantity and type of new jobs and to the level of income those jobs generated. The employment crisis would be one of the central themes of the World Summit for Social Development and represented a serious threat to global stability and prosperity. During a recent meeting at the International Labour Organization, which brought together 108 labour ministers and employers and workers from throughout the world, a broad consensus had been reached in four essential areas. Firstly, all the participants had recognized that the future of employment was linked to the opening of new markets. Secondly, it was agreed that a more open world economy would be able to generate enough new jobs only if measures were adopted at the international level to stimulate growth. Sustained efforts were needed to coordinate macroeconomic policies, reduce the instability of exchange rates and develop credit on an international basis. Thirdly, all had agreed that

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concerted action at the international level had to be accompanied by national policies aimed at increasing employment and promoting a stable macroeconomic climate. Investments should be encouraged in activities that generated jobs and increased the capacity of firms and workers to adapt to the needs of a changing economy. Finally, industry heads and labour ministers should play a key role in establishing employment policies.

The creation of jobs was not a simple matter and would not be resolved through simplistic solutions; it required concerted, broad-based action, both internationally and nationally, through the implementation of appropriate economic and social policies. In the framework of a new, more open world economy, which was also more exposed to market forces and technological changes, no country could resolve its problems alone. Thus, new forms of cooperation and intervention at the international level had to be devised so that the question of employment received the attention it deserved from the international community. The International Labour Organization was ready to play its role in achieving that objective.

The meeting rose at 1 p.m.